

**ROBERT L. BROWN III**

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August 14, 2006

VIA FACSIMILE AND MAIL

RECEIVED

AUG 16 2006

PUBLIC SERVICE  
COMMISSION

Public Service Commission  
Ms. Beth O'Donnell  
Executive Director  
211 Sower Blvd.  
P.O. Box 615  
Frankfort, KY 40602

**RE: CASE NO. 2004-00444**

Dear Ms. O'Donnell:

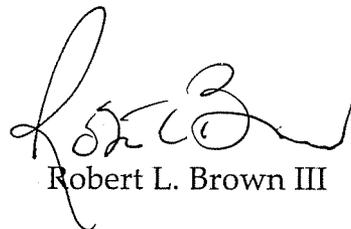
Pursuant to your July 14, 2006 correspondence, please allow this letter to serve as a response to the questions posed. Namely:

1. \$437,121.00 represents depreciation Citipower used in 2005 pursuant to the Internal Revenue Code. This contrasts with the \$198,922.00 as stated in the annual report due to the difference in allowable P.S.C. depreciation schedules.
2. The difference between 100% and 87.52% is an error. The report should state that CitiEnergy owns 100% of Citipower.

Citipower can amend the annual report if the Commission so desires.

Thank you for your consideration in this matter, and should you have any questions, please do not hesitate to contact me.

Sincerely,



Robert L. Brown III

RLB/ca  
Hon. David E. Spenard